



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

August 11, 2020

Iowa Code section 17A.4(4) requires the Legislative Services Agency (LSA) to analyze the fiscal impact of all administrative rules with an impact of \$100,000 or more and provide a summary of the impact to the Administrative Rules Review Committee (ARRC). Fiscal Impact Statements filed by State agencies can be found on our website at <https://www.legis.iowa.gov/publications/fiscal/adminRulesFiscalImpact>.

With each rule summary, the rulemaking type is indicated in parentheses following the ARC number. The acronyms have the following meanings: Notice of Intended Action (NOIA), Amended Notice of Intended Action (ANOIA), Notice of Termination (NOT), Adopted and Filed Emergency (AFE), Filed Emergency After Notice (FEAN), and Adopted and Filed (AF).

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Department of Human Services

ARC 4899C (AF)

Rule Summary Updates and clarifies language to reflect existing prescribed outpatient drug policies for qualified prescribers, reasons for nonpayments of drugs, covered nonprescription drugs, allowed quantity dispensed, drug reimbursement methodology (including dispensing fee limitation), and credits for returned unit dose drugs not consumed. In addition, the rule adds language regarding initiation of refill requirements with the prohibition of automatic refills without the member’s consent and includes legislatively required prior authorization (PA) limitations on medication-assisted treatment (MAT), including opioid overdose treatment, under the pharmacy and medical benefits.

State or Federal Law Implemented: Iowa Code section 249A.4.

Fiscal Impact **Agency Response:** The rule changes are estimated to have a net General Fund savings of \$124,000 in FY 2020 and \$298,000 in FY 2021 and beyond. The rulemaking assumes a February 1, 2020, implementation date. The provisions with a fiscal impact include:

- Clarifying the quantity prescribed and dispensing fee allowance is estimated to save the General Fund \$309,000 in cases where a pharmacy has been reimbursed for more than one dispensing fee per drug per member per month for maintenance drugs.
- Removing the clinical prior authorization (PA) for medication-assisted treatment (MAT) drugs is estimated to cost the General Fund \$11,000.

LSA Response: The LSA concurs.

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Department of Homeland Security and Emergency Management

ARC 5085C (NOIA)

Rule Summary Implements 2020 Iowa Acts, Senate File 2188 (Hazard Mitigation Programs, Non-Disaster Matching Moneys), and seeks to lessen local government requirements to

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update Recovery and Mitigation plans in order to receive Federal Disaster or Hazard Mitigation funding.

State or Federal Law Implemented: Iowa Code section 29C.6 and 2020 Iowa Acts, Senate File 2188.

Fiscal Impact

Agency Response: Fiscal impact cannot be determined at this time. Any fiscal impact to the State is dependent upon the number of federally approved hazard mitigation funding applications.

LSA Response: The LSA concurs in part. Although a specific fiscal impact cannot be determined at this time, the Fiscal Note for SF 2188 states that the Department of Homeland Security and Emergency Management estimates that the State may provide a funding match ranging from \$3.0 to \$5.0 million annually. These funds will be paid from the Economic Emergency Fund as stipulated by the Performance of Duty requirements listed in Iowa Code section 7D.29 as approved by the Executive Council. As this funding may be received prior to the occurring of a disaster, it may lead to the cost avoidance of any future disaster. Such future cost savings cannot be estimated at this time.

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Department of Revenue

ARC 5098C (AF)

Rule Summary

Implements 2019 Iowa Acts, chapter 152 (Tax Code Changes Act), which exempted grain bins and the materials used to build and repair grain bins from the sales/use tax.

State or Federal Law Implemented: Iowa Code section 423.3 and 2019 Iowa Acts, ch. 152.

Fiscal Impact

Agency Response: No fiscal impact beyond that described in the Fiscal Note for the Act, which estimated a reduction in General Fund revenue of \$5.2 million in FY 2020, increasing to \$5.8 million by FY 2024.

LSA Response: The LSA concurs.

ARC 5099C (AF)

Rule Summary

Implements 2019 Iowa Acts, chapter 152 (Tax Code Changes Act), which expanded the existing sales tax exemption for manufacturers by adding the word “primarily” to the definition of “manufacturer.” This change allows companies that are primarily manufacturers, but also engage in activities that are not manufacturing, to benefit from the sales tax exemption for manufacturers. The Act made this change effective retroactively to May 30, 2018. The rulemaking provides examples of how the rule will be applied.

State or Federal Law Implemented: Iowa Code section 423.3 and 2019 Iowa Acts, ch. 152.

Fiscal Impact

Agency Response: No fiscal impact beyond that described in the Fiscal Note for the Act, which estimated a reduction in General Fund revenues of \$200,000 in FY 2020 and each year thereafter.

LSA Response: The LSA concurs.

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Department of Transportation

ARC 5080C (NOIA)

Rule Summary Adopts provisions intended to implement the Electric Vehicle Registration Act, which was enacted in the 2019 Legislative Session. The rulemaking adopts definitions, provides for refunds, adopts regulations related to the International Fuel Tax Agreement, and adopts conforming and clarifying language.

State or Federal Law Implemented: Iowa Code chapter 425A and sections 321.116 and 321.117; and 2019 Iowa Acts, House File 767 (Electric Vehicle Registration Act).

Fiscal Impact **Agency Response:** No fiscal impact. However, the legislation implemented by the rulemaking resulted in an additional \$83,156 in Road Use Tax Fund revenues through March 31, 2020.

LSA Response: The LSA concurs. As of June 30, 2020, a total of \$138,688 had been deposited in the Road Use Tax Fund.

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Economic Development Authority

ARC 5092C (AF)

Rule Summary Establishes the Rural Housing Assessment Grant Program pursuant to the 2019 enactment of SF 608 (FY 2020 Economic Development Appropriations Act). The Program provides support for small communities in obtaining housing-related information specific to the community.

State or Federal Law Implemented: 2019 Iowa Acts, SF 608.

Fiscal Impact **Agency Response:** No fiscal impact beyond the funding allocated in SF 608.

LSA Response: The LSA concurs. Senate File 608 allocated \$100,000 for the Program from the Skilled Worker and Job Creation Fund (SWJCF).

ARC 5093C (AF)

Rule Summary Establishes the Rural Innovation Grant Program pursuant to the 2019 enactment of SF 608 (FY 2020 Economic Development Appropriations Act). The Program supports creative, nontraditional ideas that focus on current issues and challenges faced by rural communities associated with the themes of community investment, growth, and connection.

State or Federal Law Implemented: 2019 Iowa Acts, SF 608.

Fiscal Impact **Agency Response:** No fiscal impact beyond the funding allocated in SF 608.

LSA Response: The LSA concurs. Senate File 608 allocated \$300,000 for the Program from the Skilled Worker and Job Creation Fund (SWJCF).

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